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MINUTES
MEETING OF THE BOARD OF DIRECTORS
ENRON CORP.
October 11-12, 1999

Minutes of a meeting of the Board of Directors of Enron Corp. ("Company") noticed to begin at 7:00 p.m., C.D.T., but actually begun at 7:20 p.m., C.D.T., on October 11, 1999 at the Four Seasons Hotel, Whitney Room, in Houston, Texas.

The following Directors were present, constituting a quorum:

Mr. Kenneth L. Lay, Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. John H. Duncan
Mr. Joe H. Foy
Dr. Wendy L. Gramm
Mr. Ken L. Harrison
Dr. Robert K. Jaedicke
Dr. Charles A. LeMaistre
Ms. Rebecca P. Mark
Dr. John Mendelsohn
Mr. Jerome J. Meyer
Mr. Jeffrey K. Skilling
Mr. John A. Urquhart
Lord John Wakeham
Mr. Herbert S. Winokur, Jr.

Director Ronnie C. Chan was absent from the meeting. The meeting was begun in executive session, during which Messrs. Richard A. Causey, Andrew S. Eastow, Mark E. Koenig, Jeffrey McMahon, and Joseph W. Sutton and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, and Messrs. Paulo V. Ferraz Pereira and Frank Savage, candidates for election to the Company's Board of Directors, were also in attendance.

The Chairman, Mr. Lay, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

Mr. Lay called the meeting to order and called for a revised agenda to discuss the election of two new directors to the Company's Board of Directors. He called upon Lord Wakeham to present the candidates. Lord Wakeham noted that the Nominating Committee of the Board was recommending that Messrs. Paulo Ferraz Pereira and Frank Savage be elected to the Company's Board. He

proposed that Mr. Pereira be asked to join the Finance and Audit and Compliance Committees of the Board and Mr. Savage be asked to join the Finance and Compensation and Management Development Committees of the Board. Lord Wakeham moved approval of the recommendation, his motion was duly seconded by Dr. Gramm, and carried, and the following resolutions were approved:

RESOLVED, that Paulo V. Ferraz Pereira and Frank Savage be, and each of them hereby is, elected a director of the Company, effective October 12, 1999, to serve during the ensuing year until the next Annual Meeting of Shareholders and until their successors shall have been duly elected and qualified:

RESOLVED FURTHER, that Paulo V. Ferraz Pereira be, and hereby is, elected a member of the Finance Committee and the Audit and Compliance Committee of the Board of Directors of the Company, to serve for the ensuing year and until his successor is duly elected and qualified: and

RESOLVED FURTHER, that Frank Savage be, and hereby is, elected a member of the Finance Committee and the Compensation and Management Development Committee of the Board of Directors of the Company, to serve for the ensuing year and until his successor is duly elected and qualified.

Mr. Lay called upon Mr. Causey for the financial and earnings and the Year 2000 ("Y2K") Oversight Committee reports, and copies of Mr. Causey's presentations are filed with the records of the meeting. Mr. Causey discussed diluted earnings per share ("EPS") for the third quarter and first nine months of 1999 and compared them to the 1999 Operating Plan. He discussed the impact on third quarter earnings of the Company's sale of its ownership interest in Enron Oil & Gas Company ("EOG") and write-down of its MTBE facility. He noted that certain recent events led the Company to the decision that the MTBE asset value was impaired. He discussed the growth in EPS from 1998 to 1999, results for the third quarter and first nine months by operating unit, and certain items that had impacted the operating units' performance. He presented a roll-forward, from the end of 1998, of balance sheet debt and noted that the Company was in a strong position from a debt level and cash flow perspective.

Mr. Causey then updated the Board on the Company's Y2K readiness program. He gave a general overview of the status of the Y2K project, noting that work on mission-critical applications, embedded systems, and third-party evaluations was essentially complete and that residual risk analyses were complete. He noted that there was one remaining Y2K compliance review to be performed in India, the legal review of documentation was underway, and detailed

contingency planning continued. He discussed the status of mission-critical items and stated that all business units except some international regions had achieved 99% or 100% completion on mission critical items. He discussed what the potential consequences of inaction in making systems Y2K compliant would have been and noted that the majority of power plant control systems had not previously been Y2K compliant. He commented on the benefits of the Y2K efforts, which included risk mitigation, standardization, investment in performance enhancing solutions, and a thorough review of the business processes throughout the Company. He reviewed the contingency planning milestones and noted that risks had been prioritized by site, task level contingencies were under development, alternative communications were in place, and a crisis management center was under construction. He commented on the contingency planning tasks remaining and noted that the biggest concerns regarded any acquisitions made prior to year-end and the Y2K readiness of external entities, particularly internationally.

Mr. Lay called upon Mr. Koenig for an investor relations update, a copy of which is filed with the records of the meeting. Mr. Koenig reviewed the Company's total return to shareholders for the first nine months of 1999, of 45.2%, and noted that it substantially exceeded the total return achieved by the S&P 500, of 5.4%, and the Company's peer group, of 15.6%. He reported on the Company's price-to-earnings ("p/e") valuation for 2000 compared to that of the S&P 500 and the Company's peer group and discussed the p/e ratios of the Company's industry peers. He presented the Company's largest shareholders and reviewed holdings by mutual funds. He discussed the top twenty holdings of the largest mutual funds owning the Company's stock ("investment peers") and displayed charts showing the investment peers' market capitalizations, expected five year earning-per-share growth rates, p/e ratios, and dividend yields. He commented on the investment analysts' current consensus valuations and the valuation methodology for each business unit commonly used.

Mr. Lay stated that minutes of a meeting of the Board held on August 10, 1999 had been distributed to the Directors and were included in the meeting material. He called for additions, corrections, or comments. There being none, upon motion duly made by Mr. Foy, seconded by Lord Wakeham, and carried, the minutes of the meeting held August 10, 1999 were approved as distributed. He called upon Mr. Duncan to discuss Executive Committee meetings.

Mr. Duncan reported on meetings of the Executive Committee of the Board of Directors held on September 3, 14, and 24, 1999. He stated that at the September 3, 1999 meeting the Executive Committee considered a transaction by Enron Energy Services, LLC ("EES") regarding the acquisition of a publicly traded equipment breakdown insurance company. He noted that the Company was only seeking an indication from the Committee as to whether or not the potential acquisition warranted additional attention and stated that the potential acquisition

was still being reviewed. He stated that at its September 14, 1999 meeting the Executive Committee considered a transaction proposed by Enron Communications, Inc. ("ECI") regarding the acquisition of a publicly traded company that is a leading provider of global network services. He stated that there were some concerns from the Executive Committee regarding the structure of the transaction and that the Committee asked for additional information before making a decision. He stated that at the September 24, 1999 meeting the Executive Committee approved the signing of financing documents related to the Cuiaba energy project in Brazil. He noted that minutes of the July 16, 1999 Executive Committee meeting, discussed at the August Board meeting, were included in the meeting material and moved the acceptance of the report and approval of the minutes of the July 16, 1999 meeting. Mr. Duncan's motion was duly seconded by Dr. LeMaistre and carried, and the reports of the Executive Committee were accepted and the minutes of the July 16, 1999 meeting were approved. Consideration of the approval of the minutes of the September 3, 14, and 24, 1999 meetings was deferred to a subsequent meeting.

Dr. LeMaistre reported on the meeting of the Compensation and Management Development Committee held on October 11, 1999. He stated that at the meeting, the Committee approved for recommendation to the Board: (i) proposed amendments to the Enron Corp. 1991 and 1994 Stock Plans to provide delegation of authority to an Administrative Committee, composed of at least two members of the Office of the Chairman, in granting awards to employees other than Section 16 officers subject to the terms and provisions of the Plans; (ii) proposed amendments to the Enron Corp. 1991 and 1994 Stock Plans to change the definition of retirement to avoid constructive receipt and defer taxation relating to grants of restricted stock; (iii) a proposed amendment to the Enron Corp. 1994 Stock Plan to address certain grants of stock options that were priced and communicated to recipients on Friday, June 25, 1999 but not approved by the Committee until Monday, June 28, 1999; and (iv) the proposed adoption of the Enron Corp. 1999 Stock Plan ("1999 Plan"). He stated that the purpose of the 1999 Plan was to provide a funding source for the issuance of common stock of the Company in connection with special situations, including, but not limited to, divestitures, outsourcing, remuneration payable under compensatory programs sponsored by the Company, and any other circumstance deemed a special situation by the Committee. Dr. LeMaistre moved approval of the amendments and adoption of the 1999 Plan, his motion was duly seconded by Mr. Blake, and carried, and the following resolutions were approved:

Approval of Amendments to the 1991 Stock Plan

WHEREAS, ENRON CORP. (the "Company") and the stockholders of the Company have heretofore approved and adopted the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999)(the "Plan"); and

WHEREAS, the Company desires to amend the Plan:

NOW, THEREFORE, the Plan is amended as follows:

1. Section 2.2 is deleted and the following is inserted in its place:

"2.2 Subject to the terms of the Plan and applicable law, the Committee shall have sole power, authority, and discretion to: (i) designate Participants; (ii) determine the types of Awards to be granted to a Participant under the Plan; (iii) determine the number of Shares to be covered by or with respect to which payments, rights, or other matters are to be calculated in connection with Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, under what circumstances, and how Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property, or may be canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, construe, and administer the Plan and any instrument or agreement relating to an Award made under the Plan; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (ix) make a determination as to the right of any person to receive payment of an Award or other benefit; (x) except for awards made to persons subject to Section 16 of the Securities Exchange Act of 1934, as amended, or New York Stock Exchange listing requirements, delegate to individuals in specified officer positions of the Company the authority to make and issue awards for a specified number of Shares subject to the terms and provisions of the Plan, and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

2. Paragraph (u) under Section 11 regarding definitions is deleted and the following definition of "Retirement" is inserted in its place:

(u) "Retirement" shall mean (i) (a) with respect to an Employee of the Company or one of its Affiliates, with the consent of the Committee, after age 55 with at least five years of service, the Employee's termination of employment, or (b) upon or after age 71 the employee's termination of employment and commencement of receipt of benefits accrued under the Enron Corp. Cash Balance Plan, and (ii) with respect to a Director of the Company, with the consent of a majority of the Board of Directors of the Company, termination of service as a Director or Honorary Director after at least five (5) years of continuous service, or upon or after the date the Director attains age 72."

Approval of Amendments to the 1994 Stock Plan

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1994 Stock Plan (the "Plan"); and

WHEREAS, the Company desires to amend the Plan:

NOW, THEREFORE, the Plan is amended effective October 11, 1999, as follows:

1. Section 2.2 is deleted and the following is inserted in its place:

"2.2 Subject to the terms of the Plan and applicable law, the Committee shall have sole power, authority, and discretion to: (i) designate Participants; (ii) determine the types of Awards to be granted to a Participant under the Plan; (iii) determine the number of Shares to be covered by or with respect to which payments, rights, or other matters are to be calculated in connection with Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, under what circumstances, and how Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property, or may be canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, construe, and administer the Plan and any instrument or agreement relating to an Award made under the Plan; (viii) establish, amend, suspend, or

waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan: (ix) make a determination as to the right of any person to receive payment of an Award or other benefit: (x) except for awards made to persons subject to Section 16 of the Securities Exchange Act of 1934, as amended, or New York Stock Exchange listing requirements, delegate to individuals in specified officer positions of the Company the authority to make and issue awards for a specified number of Shares subject to the terms and provisions of the Plan, and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

2. Paragraph (u) under Section 9 regarding definitions is deleted and the following definition of "Retirement" is inserted in its place:

(u) "Retirement" shall mean (i) with respect to an Employee of the Company or one of its Affiliates, with the consent of the Committee, after age 55 with at least five years of service, the Employee's termination of employment, and (ii) upon or after age 71 the employee's termination of employment and commencement of receipt of benefits accrued under the Enron Corp. Cash Balance Plan."

Approval of Amendment to the 1994 Stock Plan

WHEREAS, the Compensation Committee of the Company's Board of Directors, on June 28, 1999, authorized and approved grants of stock options to certain eligible employees under the 1994 Stock Plan (the "Plan") to purchase shares of Company common stock (the "Authorized Grants");

WHEREAS, the Company, pursuant to such authorization, issued written grants of stock options under the Plan dated June 25, 1999, having as the exercise price the Fair Market Value, as defined in the Plan, of shares of Company common stock on June 25, 1999 (the "Issued Grants");

WHEREAS, the Plan provides that the per share purchase price of an Option shall not be less than the Fair Market Value of a share on the date of grant of such Option; and

WHEREAS, the Board has determined that the date of grant of such Authorized Grants was June 28, 1999;

NOW, THEREFORE, IT IS RESOLVED, that the Issued Grants are hereby ratified and approved, and that the Plan, with respect to the Authorized Grants and such related Issued Grants only, is amended to provide that the per share purchase price of the Authorized Grants shall be the Fair Market Value of shares of Company common stock on June 25, 1999; and

RESOLVED FURTHER, that the Chairman of the Compensation Committee and proper officers of the Company and its counsel are hereby authorized, empowered, and directed to take all such further action, to amend, execute, and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate, or advisable in order to fully carry into effect the purposes and intentions of this and the foregoing resolution.

Approval of Adoption of the 1999 Stock Plan

WHEREAS, it is the desire of the Company to adopt an Enron Corp. 1999 Stock Plan (the "Plan");

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they are, authorized and directed to prepare and execute a Plan document substantially in the form as outlined at this meeting, providing, among other things, for the issuance of stock options and shares of restricted stock, not exceeding an aggregate of 3,000,000 shares of Common Stock of the Company, to be granted only to persons who are not subject to Section 16 of the Securities Exchange Act of 1934, and for the administration of the Plan by the Compensation Committee of the Board of Directors of the Company;

RESOLVED FURTHER, that upon execution of such Plan document prepared according to the above provisions, the Plan shall be deemed adopted by this Board and is hereby ratified and approved:

RESOLVED FURTHER, that the officers of the Company be, and they hereby are, authorized to take all actions necessary to finalize and put the Plan into effect, including the authority and power to execute, in the name and on behalf of the Company and under its corporate seal, as registrant, a Registration Statement on Form S-8 for the registration under the Securities Act of 1933 of 3,000,000 shares of Common Stock of the Company for the Plan, said Registration

Statement to be in such form as shall be approved by the officers of the Company, and by at least a majority of the Directors of the Company, whose approval shall be conclusively evidenced by their signatures thereon, in person or by power of attorney; and the officers of the Company be, and they hereby are, further authorized to cause said Registration Statement, when executed, to be filed with the Securities and Exchange Commission, and thereafter to execute and file with said Commission, in the name and on behalf of the Company from time to time, any amendments to said Registration Statement, which in the judgment of said officers, may be necessary or advisable for the registration of said Common Stock under said Act:

RESOLVED FURTHER, that the officers of the Company be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to such securities exchange(s) as the officers acting shall deem necessary or appropriate for the listing thereon of any issue of the Securities subject to the Plan and that each such officer, or such other person as such officer may designate in writing, is authorized to appear before any official or officials or before any body of any such exchange, and to execute and deliver any and all papers and agreements, specifically including, without limitation, indemnity agreements for the benefit of any such exchange relating to the use of facsimile signatures, and to do any and all things which may be necessary to effect such listing:

RESOLVED FURTHER, that the officers of the Company be, and they hereby are, authorized and empowered to execute, in the name and on behalf of the Company, any application, amendments, or other documents, including powers of attorney, for the receipt or acceptance of service of process, necessary or proper for the qualification or the registration by the Company of the Securities subject to the Plan, in any state of the United States under any State Securities Act, Blue Sky Law, or similar statutes, and to do any and all things, and to take any and all action, necessary or desirable in connection therewith; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel are hereby authorized, empowered, and directed to take all such further action, to amend, execute, and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate, or advisable in order to fully carry into effect the purposes and intentions of this and the foregoing resolutions, including the execution of any

further amendments, forms, or documents recommended by counsel or required by any governmental agency, and to do anything necessary to effect compliance with applicable law or regulation.

Mr. Winokur reported on the Finance Committee meeting that was held on October 11, 1999. He stated that the Finance Committee had approved certain items for recommendation to the Board. He stated that the first item related to a proposed "shelf" registration statement to be filed with the Securities and Exchange Commission. He noted that the proposed resolution was necessary to increase the number of shares that could be offered and sold from time to time pursuant to the registration statement to reflect the impact of the Company's recent stock split. He then discussed a proposed resolution to allow a Special Committee of the Board to approve the issuance and sale of shares of the Company's common stock in connection with acquisitions. He stated that this would enable the Company to use small amounts of stock to make relatively small acquisitions without having to bring the matter before the full Board. Mr. Winokur moved approval of the proposals, his motion was duly seconded by Mr. Blake, and carried, and the following resolutions were approved:

Approval of Equity Shelf Registration

WHEREAS, the Company desires to file with the Securities and Exchange Commission (the "Commission") a registration statement and post-effective amendments (collectively, the "shelf registration statement") for the registration and sale from time to time of shares of Common Stock; and

WHEREAS, this Board desires to provide for the issuance and sale from time to time of Common Stock by the Company;

RESOLVED, that the Board of Directors hereby deems it advisable and in the best interests of the Company for the Company to issue and sell from time to time up to 15 million (Fifteen Million) shares of its Common Stock, no par value (the "Common Stock") (of which amount 7.5 million shares have been previously registered pursuant to the Securities Act of 1933), at prices to be agreed upon and established by the Special Common Stock Committee referred to below, and to be sold from time to time in public or private offerings;

RESOLVED FURTHER, that the Company enter into one or more purchase agreements, underwriting agreements, sales agency agreements, or other agreements, however designated, together with all necessary agreement wires, confirmation letters, or term

agreements (collectively the "Common Stock Agreements"), with such underwriting firm or firms or with such institutions or dealers or purchasers as may, in the judgment of the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be necessary to effect the sale of the Common Stock; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company, be and each of them hereby is, authorized and directed to execute and deliver the Agreements, for and in the name and on behalf of the Company, in such forms as the officer executing such Common Stock Agreements shall approve, such approval to be conclusively evidenced by such execution; and that the Company be, and it hereby is, authorized and directed to perform in full all of its obligations under the Common Stock Agreements;

RESOLVED FURTHER, that the officers of the Company be, and they hereby are, authorized, empowered, and directed to cause to be prepared, executed, and filed with the Commission (i) one or more Registration Statements, including exhibits thereto (collectively, the "Registration Statement"), and (ii) such amendments and post-effective amendments to the Registration Statement or supplements to the Prospectuses constituting a part thereof, and to take all such further action, including the filing of final forms of the Prospectuses, as may, in the judgment of such officers, be necessary, desirable, or appropriate to secure and thereafter to maintain the effectiveness of the Registration Statement;

RESOLVED FURTHER, that the Board of Directors of the Company, in accordance with Section 60.354 of the Oregon Business Corporation Act and Article IV of the Bylaws of the Company, as amended, does hereby create a special Common Stock pricing committee (the "Special Common Stock Committee") and designate Kenneth L. Lay and Jeffrey K. Skilling as the members of the Special Common Stock Committee, and that the Special Common Stock Committee is hereby authorized and empowered to determine, for and in the name and on behalf of the Company, the price per share of Common Stock to be received by the Company in the offerings, and any other term of any Common Stock Agreement and all such other matters as may be determined by such Special Common Stock Committee consistent with Oregon law and these resolutions, such Special Common Stock Committee's approval of such terms and conditions to be conclusively determined by their

inclusion in the executed copies of any Common Stock Agreements; and that the Special Common Stock Committee is hereby authorized to take any and all action and to do or cause to be done any or all things which may appear to the Special Common Stock Committee to be necessary or advisable in order to offer, issue, and sell the Common Stock, to the full extent and with the same effect as the Board of Directors of the Company could take such action or do or cause such things to be done; and that a majority of the members of the Special Common Stock Committee shall constitute a quorum for the transaction of business; and that the Special Common Stock Committee shall keep a written record of its meetings, shall present such record to the meetings of the Special Common Stock Committee, and shall file a copy of such record in the corporate minutes of the Company:

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President of the Company, any Vice President of the Company, the Corporate Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company, to sign, under the corporate seal of the Company (if required), any or all of the certificates of Common Stock and that the signatures of the aforesaid authorized officers and the corporate seal of the Company (if required) may be facsimile, and that the Company hereby adopts and approves any such facsimile signatures and seal:

RESOLVED FURTHER, that the facsimile signatures which appear upon any of the certificates of Common Stock shall be valid regardless of whether such officer ceases to hold such office prior to the issuance of the Common Stock:

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President, and the Senior Vice President and Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company, to take any and all action which they may deem necessary or advisable in order to obtain a permit, to register or to qualify part or all of the Common Stock for issuance and sale or to request an exemption from registration of part or all of the Common Stock or to register or obtain a license for the Company as a dealer or broker under the securities laws of such of the states of the United States of America

and of such foreign jurisdictions as such officers may deem advisable, and in connection with such registrations, permits, licenses, qualifications, and exemptions, to execute, acknowledge, verify, deliver, file, and publish all such applications, reports, resolutions, irrevocable consents to service of process, powers of attorney, and other papers and instruments as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain such registration in effect for as long as they may deem to be in the best interests of the Company;

RESOLVED FURTHER, that if the officers of the Company determine that it is necessary for the Company to do so, the Company make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Common Stock in the number of shares issued or reserved for issuance; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be, and each of them hereby is, authorized and directed to execute and deliver on behalf of the Company to the New York Stock Exchange, Inc. or other such securities exchanges such indemnity agreements in such form as may be necessary to effect the aforesaid listing; and that the officers of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Approval of Granting Authority to a Special Committee of the Board in connection with certain acquisitions

WHEREAS, the Company desires to issue and sell from time to time shares of Company Common Stock in connection with the Company's acquisition of assets and securities of other parties; and

WHEREAS, this Board desires to provide for the issuance and sale from time to time of Common Stock by the Company for such purpose;

RESOLVED, that the Board of Directors hereby deems it advisable and in the best interests of the Company for the Company to issue and sell from time to time up to 500,000 (Five Hundred Thousand) shares of its Common Stock, no par value (the "Common Stock"), at prices to be agreed upon and established by the Special Common Stock Committee referred to below, and to be sold from time to time in public or private offerings, solely and specifically for the purpose of utilizing such shares as consideration currency in connection with the Company's acquisition of assets or securities of other companies or entities:

RESOLVED FURTHER, that the Company enter into one or more purchase agreements, underwriting agreements, sales agency agreements, or other agreements, however designated, together with all necessary agreement wires, confirmation letters, or terms agreements (collectively the "Common Stock Agreements"), with such underwriting firm or firms or with such institutions or dealers or other counter-parties as may, in the judgment of the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be necessary to effect the sale of the Common Stock; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be, and each of them hereby is, authorized and directed to execute and deliver the Common Stock Agreements, for and in the name and on behalf of the Company, in such forms as the officer executing such Common Stock Agreements shall approve, such approval to be conclusively evidenced by such execution; and that the Company be, and it hereby is, authorized and directed to perform in full all of its obligations under the Common Stock Agreements:

RESOLVED FURTHER, in connection with the sale of Common Stock pursuant to the Common Stock Agreements, that the officers of the Company be, and they hereby are, authorized, empowered, and directed to cause to be prepared, executed, and filed with the Commission (i) one or more Registration Statements, including exhibits thereto (collectively, the "Registration Statement"), and (ii) such amendments and post-effective amendments to the Registration Statement or supplements to the Prospectuses constituting a part thereof, and to take all such further action, including the filing of final forms of the Prospectuses, as may, in the judgment of such officers, be necessary, desirable, or appropriate to secure and thereafter to maintain the effectiveness of the Registration Statement:

RESOLVED FURTHER, that the Board of Directors of the Company, in accordance with Section 60.354 of the Oregon Business Corporation Act and Article IV of the Bylaws of the Company, as amended, does hereby create a special Common Stock pricing committee (the "Special Common Stock Committee") and designate Kenneth L. Lay and Jeffrey K. Skilling as the members of the Special Common Stock Committee, and that the Special Common Stock Committee is hereby authorized and empowered to determine, for and in the name and on behalf of the Company, the price per share of Common Stock to be received by the Company in the offerings, and any other term of any Common Stock Agreement and all such other matters as may be determined by such Special Common Stock Committee consistent with Oregon law and these resolutions, such Special Common Stock Committee's approval of such terms and conditions to be conclusively determined by their inclusion in the executed copies of any Common Stock Agreements; and that the Special Common Stock Committee is hereby authorized to take any and all action and to do or cause to be done any or all things which may appear to the Special Common Stock Committee to be necessary or advisable in order to offer, issue and sell the Common Stock, to the full extent and with the same effect as the Board of Directors of the Company could take such action or do or cause such things to be done; and that a majority of the members of the Special Common Stock Committee shall constitute a quorum for the transaction of business; and that the Special Common Stock Committee shall keep a written record of its meetings, shall present such record to the meetings of the Special Common Stock Committee, and shall file a copy of such record in the corporate minutes of the Company:

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President of the Company, any Vice President of the Company, the Corporate Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company, to sign, under the corporate seal of the Company (if required), any or all of the certificates of Common Stock and that the signatures of the aforesaid authorized officers and the corporate seal of the Company (if required) may be facsimile, and that the Company hereby adopts and approves any such facsimile signatures and seal:

RESOLVED FURTHER, that the facsimile signatures which appear upon any of the certificates of Common Stock shall be valid regardless of whether such officer ceases to hold such office prior to the issuance of the Common Stock:

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice-President, or any Vice President, and the Senior Vice President and Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company, to take any and all action which they may deem necessary or advisable in order to obtain a permit, to register or to qualify part or all of the Common Stock for issuance and sale or to request an exemption from registration of part or all of the Common Stock or to register or obtain a license for the Company as a dealer or broker under the securities laws of such of the states of the United States of America and of such foreign jurisdictions as such officers may deem advisable, and in connection with such registrations, permits, licenses, qualifications, and exemptions, to execute, acknowledge, verify, deliver, file, and publish all such applications, reports, resolutions, irrevocable consents to service of process, powers of attorney, and other papers and instruments as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain such registration in effect for as long as they may deem to be in the best interests of the Company:

RESOLVED FURTHER, that if the officers of the Company determine that it is necessary for the Company to do so, the Company make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the

Common Stock in the number of shares issued or reserved for issuance; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be, and each of them hereby is, authorized and directed to execute and deliver on behalf of the Company to the New York Stock Exchange, Inc. or other such securities exchanges such indemnity agreements in such form as may be necessary to effect the aforesaid listing; and that the officers of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Winokur then discussed information concerning an unaffiliated investment partnership, LJM 2, and stated that the partnership could possibly provide the Company with an alternative, optional source of private equity to manage its investment portfolio risk, funds flow, and financial flexibility. He noted that Mr. Andrew S. Fastow would be acting as the managing partner of LJM 2 and discussed Mr. Fastow's role in the LJM 2 partnership. He commented on the controls that would be put in place to manage any transactions between the Company and LJM 2 and noted that the Company and LJM 2 were not obligated to one another in any way. He noted that the controls include review and approval of all transactions by the Chief Accounting Officer and the Chief Risk Officer of the Company. He stated that the Audit and Compliance Committee would, on an annual basis, review all transactions completed within the past year and make any recommendations they deemed appropriate. He stated that the Company's Conduct of Business Affairs Policies (relating to investments and outside business interests of officers and employees) would prohibit Mr. Fastow from participating in LJM 2 as managing partner due to his position as Executive Vice President and Chief Financial Officer of the Company, absent appropriate reviews and waivers from the Board and a finding that such participation does not adversely affect the best

interests of the Company. He recommended that such review and findings be made in this instance, his motion was duly seconded by Mr. Urquhart, and carried, and the following resolutions were approved:

WHEREAS, Andrew S. Fastow serves as the Executive Vice President and Chief Financial Officer of the Company:

WHEREAS, Mr. Fastow has the opportunity to participate in the formation of an investment partnership (the "Partnership") that would not be affiliated with the Company:

WHEREAS, it is anticipated that Mr. Fastow will serve as the managing partner/manager of the Partnership:

WHEREAS, it is anticipated that the Partnership will invest in energy and communications-related businesses and assets, including businesses and assets of the Company:

WHEREAS, the Partnership, as a potential ready purchaser of the Company's businesses and assets or as a potential contract counterparty, could provide liquidity, risk management, and other financial benefits to the Company:

WHEREAS, the Office of the Chairman of the Company has determined, for the foregoing reasons, that Mr. Fastow's participation as the managing partner/manager of the Partnership will not adversely affect the interests of the Company:

NOW, THEREFORE IT IS RESOLVED, that the Board hereby adopts and ratifies the determination by the Office of the Chairman pursuant to the Company's Conduct of Business Affairs/Investments and Outside Business Interests of Officers and Employees that participation of Mr. Fastow as the managing partner/manager of the Partnership will not adversely affect the interests of the Company: and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary.

proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Winokur stated that the Finance Committee had discussed the Company's dividend level taking into consideration the Company's increasing capital needs and investment opportunities. He recommended that the Board keep the dividend level constant and approve the declaration of dividends payable in the fourth quarter of 1999 for the common and preferred issues of stock; his motion was duly seconded by Mr. Blake, and carried, and the following resolutions were adopted:

RESOLVED, that a dividend of \$3.413 per share on the Cumulative Second Preferred Convertible Stock of the Company, covering the quarter ending December 31, 1999, be, and it hereby is, declared payable on January 3, 2000, to shareholders of record of said stock at the close of business on December 10, 1999; and

RESOLVED FURTHER, that a dividend of \$0.125 per share on the Common Stock of the Company be, and it hereby is, declared payable on December 20, 1999, to shareholders of record of said stock at the close of business on December 1, 1999, out of the net profits or surplus of the Company available for the payment of dividends.

Mr. Winokur stated that the Committee had also discussed the Company's liquidity and noted that the Company had significantly increased its available capacity and lowered its cost by utilizing surety bonds, issued by insurance companies, in lieu of letters of credit. He stated that Messrs. Fastow, McMahon, and Skilling had met recently with Moody's Investor Services and formally requested an upgrade to the Company's credit rating.

Mr. Lay called upon Dr. Jaedicke to report on the Audit and Compliance Committee's meeting held on October 11, 1999. Dr. Jaedicke stated that Mr. Causey and Mr. David B. Duncan, of Arthur Andersen, LLP ("AA"), had given a status report on the Company's internal controls. He noted that Mr. Richard B. Buy had given credit and market risk reports and Mr. Causey had discussed the progress made on the SAP implementation. He stated that the Committee also heard a report from Ms. Sharon A. Butcher, of the Company, regarding the Company's compliance with its Conduct of Business Affairs Policies. He stated that the Committee held an executive session with AA to discuss the adequacy of the Company's financial disclosure and he noted that AA was very comfortable with the Company's level of disclosure.

Mr. Lay call upon Mr. Sutton to discuss a proposed Human Rights Policy, a copy of which is filed with the records of the meeting. Mr. Sutton stated that the Company was working on launching a program for Social and Environmental Responsibility which would include clear policies on expected behavior, training mechanisms for staff and contractors, and better interface with nongovernmental organizations in the human rights and environmental fields. He stated that, as a first step in its program for Social and Environmental Responsibility, the Company was proposing the adoption of a Human Rights Policy. He outlined the basic framework of the Policy and following a discussion, upon motion duly made by Mr. Duncan, seconded by Mr. Blake, and carried, the Enron Human Rights Policy discussed at the meeting, including any minor revisions authorized by Mr. Lay, was approved.

Mr. Lay called on Mr. Skilling to present other general corporate matters for consideration by the Board. Mr. Skilling stated that the Company had recently hired three new corporate officers, Messrs. J. Mark Metts and Wesley H. Colwell and Ms. Charlene R. Jackson, and discussed each individual's role within the Company. He also noted that there had also been some individuals promoted to Vice President within the Company and recommended that the Board approve the election of Company officers. Upon motion duly made by Mr. Blake, seconded by Dr. LeMaistre, and carried, the following resolutions were approved:

RESOLVED, that the following persons be, and each hereby is, elected to the position set forth opposite their names, to serve for the ensuing year and until their successors are duly elected and qualified:

Kenneth L. Lay	Chairman and Chief Executive Officer
Jeffrey K. Skilling	President and Chief Operating Officer
Joseph W. Sutton	Vice Chairman
Richard B. Buy	Executive Vice President and Chief Risk Officer
Richard A. Causey	Executive Vice President and Chief Accounting Officer
James V. Derrick, Jr.	Executive Vice President and General Counsel
Andrew S. Fastow	Executive Vice President and Chief Financial Officer
Steven J. Kean	Executive Vice President and Chief of Staff
Mark E. Koenig	Executive Vice President, Investor Relations
Michael S. McConnell	Executive Vice President, Technology
Jeffrey McMahon	Executive Vice President, Finance and Treasurer

J. Mark Metts	Executive Vice President, Corporate Development
Cindy K. Olson	Executive Vice President, Human Resources and Community Relations
Rebecca C. Carter	Senior Vice President, Board Communications and Secretary
Joseph M. Hirko	Senior Vice President
Terence H. Thorn	Senior Vice President and Chief Environmental Officer
Robert H. Walls, Jr.	Senior Vice President and Deputy General Counsel
Wesley H. Colwell	Managing Director, Accounting Transaction
Charlene R. Jackson	Managing Director, Intellectual Capital
Mitchell S. Taylor	Managing Director, Corporate Development
Joe H. Allen	Vice President, External Affairs
Melissa A. Becker	Vice President, Strategic Initiatives
Philippe A. Bibi	Vice President, Technology
Robert H. Butts	Vice President and Controller
Edward R. Coats	Vice President, Tax, Audits
Angus H. Davis	Vice President and Deputy Corporate Secretary
William R. Donovan	Vice President, Corporate Administrative Services
James A. Ginty	Vice President, Tax, International
Alberto Gude, Jr.	Vice President, IT Compliance
Robert J. Hermann	Vice President and General Tax Counsel
E. Joseph Hillings	Vice President and General Manager, Federal Government Affairs
Mary K. Joyce	Vice President, Human Resources
Drew C. Lynch	Vice President, Employee Relations
R. Davis Maxey	Vice President, Tax, Planning
Peggy B. Menchaca	Vice President and Assistant Secretary
Mark A. Palmer	Vice President, Communications
Christie A. Patrick	Vice President, North American Indian Affairs
Louis E. Potempa	Vice President, Corporate Development
Greek L. Rice	Vice President, Tax, GPG
Paula H. Rieker	Vice President, Investor Relations
Rex R. Rogers	Vice President, Associate General Counsel and Assistant Secretary
Richard S. Shapiro	Vice President, State Government Affairs and Federal Regulatory Affairs
William W. Brown	Deputy Treasurer

Michael F. Jakubik	Deputy Treasurer
Elaine V. Overturf	Deputy Corporate Secretary
Kate B. Cole	Assistant Secretary
Denise A. Ernest	Assistant Secretary
Gary L. Foster	Assistant Secretary
Geneva K. Holland	Assistant Secretary
Linda F. Jenkins	Assistant Secretary
Timothy A. Despain	Assistant Treasurer
Mary A. Perkins	Assistant Treasurer

RESOLVED FURTHER, that the effective date of following persons' election be, and hereby is, May 1, 1999.

Edward R. Coats	Vice President.Tax. Audits
James A. Ginty	Vice President.Tax. International
R. Davis Maxey	Vice President.Tax. Planning
Greek L. Rice	Vice President.Tax. GPG

RESOLVED FURTHER, that the effective date of J. Mark Metts' election be, and hereby is, August 23, 1999.

Mr. Lay recessed the executive session at 9:02 p.m., C.D.T. on October 11, 1999 and reconvened the meeting at 8:00 a.m., C.D.T., on October 12, 1999 in open session at the Enron Building in Houston, Texas. All of the Directors noted in attendance on the previous evening returned to the meeting and Messrs. James P. Badum, Robert B. Butts, Joseph E. Earle, John B. Echols, Joseph M. Hirko, Gene E. Humphrey, Daniel P. Leff, Michael S. McConnell, Mark S. Muller, Lou L. Pai, Kenneth D. Rice, Martin Sunde, Joseph W. Sutton, Greg L. Whalley, and Thomas E. White and Mesdames Rebecca C. Carter, Louise J. Kitchen, Rebecca A. McDonald, and Victoria T. Sharp, all of the Company or affiliates thereof, joined the meeting. Messrs. James A. Bannantine, Donald W. Black, Richard A. Causey, Orlando R. Gonzalez, and Ricky L. Waddell, all of the Company or affiliates thereof, joined the meeting in progress as noted below.

Mr. Lay called upon Mr. Whalley to discuss the Company's Global Risk Management function. Mr. Whalley stated that as the Chief Executive Officer of Risk Management he had three groups, Insurance, EnronOnline, and Research, reporting directly to him. He discussed each of the group's roles within the Company and the number of employees. He noted that in addition to his direct reports, he had indirect supervisory authority over all trading operations, in all commodities, throughout the Company. He discussed the reports related to the Company's trading operations, including volumes traded, profit and loss, and net open positions that were produced daily for his review. He stated that his groups' primary responsibilities included reviewing major commodity risks taken by the

business units, facilitating the transfer of information and skill sets across the business units, assisting in staffing and training for the trading organizations, and consulting with local traders on general market conditions and global information relevant to the Company's operations. He gave an overview of the current market conditions, focusing on gas and power markets liquidity and the growth in the power markets on the Continent.

Mr. Skilling then gave a brief overview of EnronOnline, the Company's new online trading system, and called upon Ms. Kitchen to present the matter. Ms. Kitchen noted that EnronOnline was a free, internet-based transaction system that will allow the Company's counterparties to view real time prices from the Company's traders and transact online. She stated that the system was multi-currency, multi-commodity, and would eventually be offered globally. She presented a demonstration how the system will operate and discussed the information that would be available to users. She commented on the support work that had gone into the development, the different systems built to support EnronOnline, and the timeline for when the system would be available in different areas of the world. She discussed the projected number of transactions that would be done online over the next two years and noted that by the end of 2001 the Company estimated that over two-thirds of all transactions would be done online. Ms. Kitchen answered questions from the Board regarding the security built into the system, potential credit issues, applicable laws and regulations that could impact the ability to transact online, and the counterparties ability to customize their EnronOnline screens. A copy of Ms. Kitchen's presentation is filed with the records of the meeting.

Messrs. McConnell, Skilling, and Whalley and Ms. Kitchen left the meeting following the presentation.

Mr. Lay called upon Mr. White to update the Board on EES. Mr. White stated that EES' presentation would be focused on the details of execution related to contracts that had previously been signed and the progress to date on previously stated goals. He discussed the strong market response to total energy outsourcing that EES has experienced and stated that both third and fourth quarter results would be very strong. He noted that EES had put in place an organization to successfully execute the deals already signed and stated that financial goals for the year would be met. He introduced the other employees from EES in attendance and called upon Mr. Sunde to discuss the sales function.

Mr. Sunde stated that the biggest issues EES faced in executing transactions included the counterparties' concerns regarding the length of the contract obligation, typically ten years, and EES' concern regarding change of control risk. He noted that the biggest obstacle EES faced was a "business as usual" philosophy. He discussed the deals in progress for the third and fourth quarters

and noted whether they were outsourcing, commodity, upsell, or other types of contracts. He commented on the stages of deal development, the time frame involved, and the percentage of initiated transactions that typically closed. Mr. Sunde answered questions from the Board concerning the average contractual savings offered to customers and change of control unwind provisions in contracts. Mr. Sunde stated that in addition to spending considerable time negotiating the unwind provisions EES also took reserves when the contract was recorded related to the potential for a change of control at the counterparty company. Mr. White called upon Mr. Echols to discuss EES's risk management function.

Mr. Echols discussed EES' near-term and long-term value levers, or the manner in which the Company makes money on a transaction. He stated that near-term value came from optimizing the operations at companies that had outsourced operations to EES and included establishing best practices/processes, making capital investments in more energy efficient equipment, and better management of the commodity price aspect of the business. He stated that long-term value related to scale procurement, improved technology, and more efficient use of labor.

Mr. Echols introduced Mr. Leff to discuss EES execution account management division. Mr. Leff discussed EES' existing portfolio of contracts, including the total contract value ("TCV"), a measure of the value of the contract over the entire life of the deal, and the potential additional value that could come from selling incremental services to the customer. He discussed the five divisions within his organization and the roles and responsibilities of each division. He commented on how the effectiveness of his organization was measured and noted that customer satisfaction was considered the most important measurement. He showed the results of customer satisfaction surveys from earlier in the year, differentiated by type of customer, and stated that his organization had established a "referral threshold" that they felt was necessary to achieve in order to get business referrals.

Mr. Leff called upon Mr. Earle to discuss EES' facility services division. Mr. Earle stated that the group's goal was to be the premier nationwide provider of comprehensive services for energy systems. He noted that facility services included facilities management, mechanical and electrical construction, heating, ventilation, and air conditioning ("HVAC") service and HVAC franchising. He commented on the strategy of the group going forward and the anticipated financial performance for 1999.

Mr. Earle called upon Mr. Muller to discuss EES' international operations. Mr. Muller discussed the status of commercial development, including the deals currently in place, the status of the market, and EES' evaluation of opportunities in Europe, the Southern Cone, the Pacific Rim, and other markets. He discussed

completed deals in Europe and noted the TCV of the transactions, countries where delivery of services would occur, and the projected timeline for closing the transactions. He discussed a proposed acquisition of a publicly traded equipment breakdown insurance company that EES had discussed with the Executive Committee of the Board but noted that due to changes in market conditions EES was now considering an outsourcing contract as opposed to an acquisition.

Mr. Muller called upon Mr. Pai to update the Board on EES' residential business ("ResCo"). Mr. Pai stated that opportunities in the residential market were improving and that EES had recently executed a letter of intent with America OnLine that would give ResCo a six-year exclusive. He stated that the initial funding for ResCo was coming from external sources and discussed the amounts each of the external sources had committed to. He noted that EES was still anticipating an initial public offering of common stock in ResCo in early 2000 and discussed the estimated valuation and the anticipated percentage of ResCo that the Company would retain.

Mr. Pai then discussed the financial performance of EES during 1999 and that projected for 2000. He commented on the TCV of deals closed during 1999 and the margins that had been created, noting whether the contracts were bundled/outsource, facility services, or commercial gas. He discussed the projected gross margin, operating expenses, and earnings for each quarter of 2000.

Messrs. Earle, Echols, Leff, Muller, Pai, Sunde and White left the meeting and Messrs. Bannantine, Black, and Waddel joined the meeting following the presentation.

Mr. Lay called upon Mr. Humphrey to discuss Enron Economic Development Corp. ("EEDC"). Mr. Humphrey showed a short video that focused on EEDC's current customers and purpose, to create a profit-oriented "social investing" business that focused on historically underserved and economically disadvantaged communities. He then discussed the number of deals that had been closed, evaluated, or rejected during the third quarter and the third-party investor commitments that had been received thus far to help fund EEDC's initiatives. He gave a brief summary of each company that had received funding from EEDC and the amount and closing date of the funding. He discussed the expected return on the capital funded to the companies and the range of ownership that EEDC would hold in the companies. He noted that EEDC was working to establish a national economic opportunity fund and discussed how it would be structured and the targeted cities.

Mr. Humphrey left the meeting and Mr. Causey joined the meeting following the presentation.

Mr. Lay then called upon Ms. McDonald to discuss the Company's operations in the Asia/Pacific region, Africa, and China ("APACHI"). Ms. McDonald displayed a map outlining the facilities that the APACHI group currently has under development or in operation. She stated that there was significant disparity within the regions as to the availability of natural resources and noted that some countries have existing networks that the APACHI group could leverage off of while in other countries there was the opportunity for the APACHI group to develop a network. She discussed the forecasted versus plan 1999 net income by region and discussed reasons for a shortfall in the China region. She outlined the group's rationale for concentrating on certain regions and noted that two factors, strategic importance to the Company and execution lead-time, were important in determining which regions to focus on. She discussed Japan's liberalizing power market, high industrial power prices, and desirable market characteristics. She discussed in detail APACHI's two-pronged approach to Japan, (i) focusing on generation aggregation and (ii) offering a full array of the Company's products and services to the country. She updated the Board on the Company's current investment in Korea and outlined the factors necessary to establish a viable origination and trading business. She discussed the Company's electricity trading and projected revenues in Australia and gave a brief overview of regions where APACHI is not currently focusing its efforts. A copy of Ms. McDonald's presentation is filed with the records of the meeting.

Mr. Skilling rejoined the meeting during Ms. McDonald's presentation.

Mr. Lay called upon Mr. Rice to discuss ECI. Mr. Rice discussed the outlook for the internet and e-commerce markets over the next three years and stated that ECI's vision was to be the world's first global eBusiness network. He displayed charts showing ECI's five year projections for different aspects of the internet and e-commerce businesses, including access speed, content revenue rates, broadband and bandwidth market size and potential, and revenue potential. He gave an update on ECI's domestic and international strategy and noted it focused on two areas, (i) network reach, including a global, flexible backbone with a broad distribution network and (ii) network commerce, which includes the Enron Intelligent Network, bandwidth commerce, financing, trading, streaming video, data storage and archiving, and distributed computing. He updated the Board on the domestic and international network reach currently in place and that anticipated by the end of 2000. He commented on video streaming that ECI had recently performed for the Country Music Awards and discussed the number of viewers who had participated. He discussed the competitive landscape and noted where competitors fell within the internet value chain, from content providers to internet service providers. He concluded by stating that business will increasingly move toward electronic, internet-based commerce, there is a need for a global eBusiness network provider, and that the Company is capable of creating the global

eBusiness platform. Mr. Hirko joined Mr. Rice in answering questions from the Board.

Messrs. Causey, Hirko, and Rice and Ms. McDonald left following the presentation.

Mr. Lay called upon Mr. Bannantine to begin the presentation on Enron South America ("ESA"). Mr. Bannantine displayed a map showing ESA's existing assets and operations and projects/businesses under construction and discussed the rapid expansion of the Company's activities in South America over the last three years. He explained how ESA was organized and the number of personnel employed. He commented on ESA's successes in 1999 including a consolidation of the Company's position in Elektro, beginning commercial operations at the Cuiaba power facility, and flowing gas on the Bolivia to Brazil pipeline. He discussed how capital was employed in South America and commented on whether the capital was invested in strategic assets, completed expansion/exploitation opportunities, or expansion/exploitation opportunities in progress. He commented on ESA's South American market outlook over the next five years and noted that the Company was a dominant player in a large and fast growing energy market. He called upon Mr. Gonzalez to discuss Elektro.

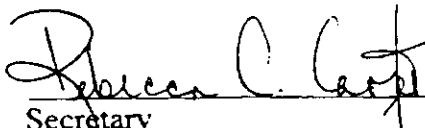
Mr. Gonzalez discussed ESA's Elektro concession, which gave ESA the right to generate and distribute electricity from two hydroelectric facilities, and commented on the area served, number of customers, area population, revenues, and number of employees. He discussed the 1999 major accomplishments which included achieving a tariff increase, reducing operating costs, completing a successful reorganization, and being chosen the best electric distribution company in Brazil. He discussed Elektro's targets for 2000 of continued improvement in profitability, environmental, health and safety performance, and successfully pursuing joint development opportunities with the Company's other business units. He then called upon Mr. Waddell to discuss ESA's gas business unit.

Mr. Waddell discussed the locations of ESA's Brazilian gas local distribution companies, Gaspart and CEG/RIOGAS, and commented on the Brazilian states where they operated and the population of the regions. He then discussed the gas business unit's 1999 accomplishments and the action plan for 2000. He called upon Mr. Christodoulou to discuss ESA's overall strategy.

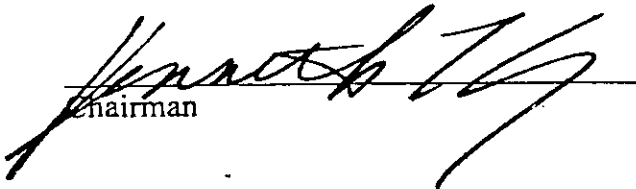
Mr. Christodoulou stated that ESA's strategy was to fully transition its asset holdings and merchant functions into an integrated Southern Cone business. He noted that the Company's selective asset positions gave it an opportunity to deliver unique merchant services. He stated that there were three phases to the strategy. (i) build a strategic asset position whereby the Company would receive regulated returns. (ii) expansion/exploitation of the strategic assets for an enhanced return on

equity, and (iii) establish a network integration of gas and power trading, communications functions, an EES type business, and asset monetizations which would lead to an increasing return on intellectual capital. He discussed the key areas of focus for the merchant business and the potential need for additional strategic assets and commented on the potential expansion/exploitation opportunities they could bring to the Company.

There being no further business to come before the Board, the meeting was adjourned at 12:30 p.m.. C.D.T.


Secretary

APPROVED:


Chairman

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